



UK property price update

March 2018





Independent, free, expert advice on housing

Buying, selling or investing in today's variable market means you need to take a great deal of care before making a decision. It's essential to secure independent, up-to-date advice you can trust. Kate Faulkner and her team make it easy to access the information and support consumers' needs via FREE of charge [eBooks](#), checklists, [The Buy To Let Show](#), articles and one-to-one advice.



Report Headlines



Rightmove

"Record home-hunter activity fuels rises in most regions"



NAEA Propertymark

"House-hunters flood the market"



RICS

"Activity indicators continue to weaken"



Nationwide

"House price growth falls back in February"



Halifax

"Annual house price growth slows to 1.8%"



LSL Acadata HPI

"House prices edge up in January"



LCPAca Residential Index

"England & Wales sees biggest quarterly price fall since global financial crisis (GFC)"



Hometrack

"UK city house price inflation +5% year on year"

AVERAGE PRICE VARIATIONS

Average prices across the indices vary from mortgaged only prices from the Nationwide HPI (Feb 18) of £210,402, through to marketing prices (ie not necessarily sold) from Rightmove (Feb 18) of £300,001, and actual prices from LSL Acadata HPI of £301,477 - a 43% difference. Average sold prices from the UK HPI stand at £243,582 (Dec 17).

UK, England and Wales data

	High	Low	Current Month Dec-17	Current Month Jan-18	Current Month Feb-18	Annual Change	Annual Average (05 - 18)		
Rightmove	£241,474	£213,570	£302,865	£297,587	£300,001	0.8%	3.6%	Asking prices	E & W
Nationwide	£184,131	£147,746	£211,156	£211,756	£210,402	2.2%	2.5%	Mortgaged only	UK
Halifax	£199,766	£157,767	£225,021	£223,285	£224,353	1.8%	2.5%	Mortgaged only , seasonally adjusted	UK
LSL Acadata HPI	£231,829	£197,145	£300,846	£301,477	n/a	-0.4%	3.7%	Actual prices, includes cash sales	E & W
LCPAca Residenti	£218,762	£210,922	£284,855	n/a	n/a	0.1%	n/a	Actual prices, includes cash sales	E & W
UK HPI	£194,764	£159,340	£243,582	n/a	n/a	5.0%	3.4%	Sold prices, includes cash sales and new builds	E



KATE FAULKNER COMMENTS ON THE NATIONAL MARKET

“ There has been some fascinating analysis in the latest round of property price indices and I’m pleased to say that this is mostly around demand, supply and transactions as opposed to ‘average’ house prices which, let’s face it, are now a poor measure of what’s happening in the property market from a buyer, seller and investor point of view.

The main figure that affects everyone is the number of transactions – ie how many people are managing to buy and sell – and whether this is currently increasing or decreasing.

According to Rightmove, increased home hunter activity is helping a recovery of the number of sales agreed, which in Q4 17 saw an average drop of -5.5% vs the previous year, but this fall was only

-1.6% Jan 18 vs 17, with six out of 10 of the fastest selling locations being in the East and West Midlands. Rightmove’s chart on the next page shows that in some areas, offers are coming in within 20 days. As this is the fastest, it’s likely your sale will take longer – but if you are not on the market yet, ask each agent how long they think it will take. If it takes much longer than they initially promised, this gives you an opportunity to take them to task as to why it’s taking longer.

As far as how many properties are being sold, Halifax points out that sales are above 100,000 for the 13th month in succession, with January’s transactions of 102,610 being the highest month since April last year. (Source: HMRC, seasonally-adjusted figures).



KATE FAULKNER COMMENTS ON THE NATIONAL MARKET continued

“ In summary, sales are holding up nationally with some regional differences.

For buyers, according to Rightmove, average properties for sale are 42 per branch; RICS: 40 and the NAEA 36 properties (vs 38 the year before).

Although this is lower than pre-2007 levels, these stock levels have remained similar for the last 12 months. Other data from NAEA tells us that “In January, 4% of sales were sold for more than the asking price, down from 7% in January 2017. A fifth (20%) were sold at asking price, and three quarters (76%) at less than asking price”.

So as a buyer, it looks like you can make a cheeky offer and as a seller, to sell within a reasonable amount of time, it might be worth making sure you don't hold out for the asking price.

Fastest selling hotspots (based on new listings since Oct 2017 that have sold)

Area	Number of days until sale agreed	Average asking price Feb 2018	% year-on-year asking price change
Livingston, West Lothian	17	£151,266	+5%
Falkirk, Stirlingshire	20	£108,575	+3%
Rugby, Warwickshire	21	£227,739	+3%
Nuneaton, Warwickshire	21	£184,718	+8%
Hitchin, Hertfordshire	21	£432,501	+6%
Wellingborough, Northamptonshire	21	£195,060	+5%
Bromsgrove, Worcestershire	22	£254,530	+4%
Yeovil, Somerset	22	£194,882	+7%
Corby, Northamptonshire	22	£174,702	+7%
Kettering, Northamptonshire	22	£205,386	+9%

Rightmove measured 134,556 asking prices this month, circa 90% of the UK market. The properties were put on sale by estate agents from 7th January 2018 to 10th February 2018 and advertised on Rightmove.co.uk.

Source: [Rightmove](#)

Property Prices - Countries	Highest average house price pre-credit crunch 2007/08	Lowest average house price during recession 2009	Market low +/- versus market height	Latest month's data Dec 17/ Q4 17	How much higher/lower are latest prices vs height in 2007/8	Year on year change in price in Dec 17/ Q4 17	Annual average increase since 2000	Highest yearly average increase since 2000
								Date % Increase
England	£194,764	£159,340	-18.19%	£243,582	25%	5.0%	7.2%	Jan-03 26.4%
Wales	£150,316	£123,104	-18.10%	£154,398	3%	5.4%	6.6%	Jul-04 33.4%
Scotland	£145,641	£120,994	-16.92%	£148,783	2%	7.7%	n/a	Feb-05 19.0%
Northern Ireland (Q4)	£224,670	£97,428	-56.64%	£130,482	-42%	4.3%	n/a	Q1 07 51.5%

Source: [UK HPI](#)



KATE FAULKNER COMMENTS ON COUNTRY DIFFERENCES

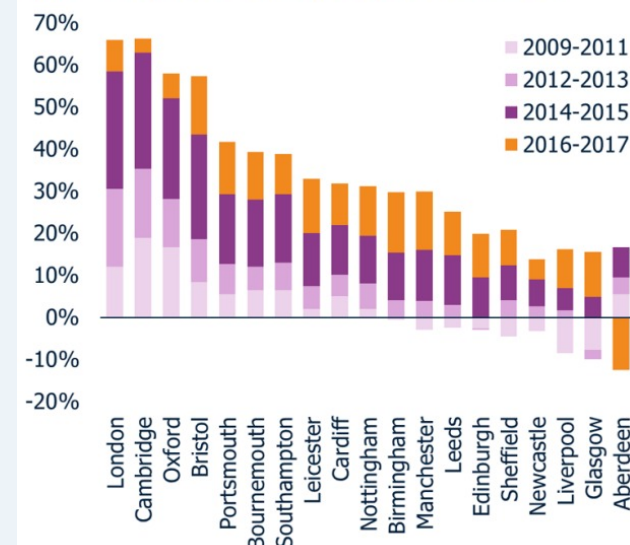


Hometrack offer some interesting analysis on the reasons behind the completely different property price performance between cities since market lows of 2009. The chart on the right shows that most of the growth seen in London happened in 2014-15 while in cities such as Birmingham and Manchester it was in 2016-17 that growth was achieved; in contrast Aberdeen, with its own unique economy, saw falls during this time.

It is no surprise that, from a demand and supply perspective, London, the South and East have slowed, but we need to remember that this comes after major activity since the falls in demand during the recession; the bulk of transactions are now being supported by the Midlands and North which have taken longer to recover.

From a price growth perspective, Hometrack believe that although prices in Midland and Northern cities are unlikely to grow at the rates London have seen due to their lack of high levels of “overseas and investor buying”, Manchester and Birmingham could see growth of 20-30% over the next 3-4 years, while London is likely to “drift lower in real terms in the coming 2-3 years”.

Fig.3 – Cumulative house price growth from 2009



Source: Hometrack – note the difference in growth reported between fig.2 and fig.3 is down to compounding of growth.

Source: [Hometrack](#)

Property Prices - Regions	Highest average house price pre-credit crunch 2007/08	Lowest average house price during recession 2009	Market low +/- versus market height	Latest month's data Dec-17	How much higher/lower are latest prices vs height in 2007/8	Year on year change in price in Dec 17	Annual average increase since 2000	Highest yearly average increase since 2000	
								Date	% Increase
North East	£139,400	£117,079	-16.01%	£130,838	-6%	3.6%	6.1%	Jan-04	34.8%
North West	£152,427	£124,654	-18.22%	£158,370	4%	5.9%	6.9%	Jul-04	33.0%
Yorkshire & The Humber	£150,233	£123,833	-17.57%	£156,781	4%	2.8%	6.9%	Jun-04	29.3%
East Midlands	£159,537	£129,876	-18.59%	£185,694	16%	6.3%	7.1%	Feb-03	33.9%
West Midlands	£165,807	£136,966	-17.39%	£191,050	15%	6.3%	6.7%	Jan-03	29.5%
South West	£212,666	£171,356	-19.42%	£254,081	19%	7.5%	6.9%	Jan-03	29.8%
East	£209,624	£168,263	-19.73%	£290,341	39%	5.2%	7.6%	Jan-03	28.9%
South East	£238,670	£191,156	-19.91%	£322,269	35%	4.2%	6.9%	Jun-00	25.0%
London	£298,596	£245,351	-17.83%	£484,173	62%	2.5%	8.0%	Apr-00	28.3%

Source: [UK HPI](#)

Best and worst performing towns/cities and London boroughs

Five high growth areas YoY towns/cities	YoY %	Five low growth areas YoY towns/cities	YoY %	Five high growth areas last 10 years towns/cities	%	Five low growth areas last 10 years towns/cities	%
Liverpool	9.5%	Oxford	0.4%	Bristol	41%	Belfast (Q4)	-43%
Glasgow	9.7%	Bradford	0.9%	Oxford	42%	Bradford	-4%
Edinburgh	10.0%	Newcastle upon Tyne	1.3%	Reading	44%	Newcastle upon Tyne	-2%
Manchester	10.9%	Southampton	1.6%	London	62%	Glasgow	-2%
Cambridge	15.7%	London	2.5%	Cambridge	63%	Liverpool	0%

Three high growth areas YoY London	YoY %	Three low growth areas YoY London	YoY %	Three high growth areas last 10 years London	%	Three low growth areas last 10 years London	%
Merton	9.8%	Wandsworth	-1.5%	City of Westminster	81%	Hounslow	47%
Tower Hamlets	9.4%	Southwark	-3.0%	Waltham Forest	77%	Kensington and Chelsea	46%
Greenwich	7.3%	Kensington and Chelsea	-10.7%	Lewisham	72%	Ealing	27%



RICS

“The price data shows stark regional variations with the price readings particularly strong in Wales, the North West, Northern Ireland and the East Midlands. By way of contrast, feedback on prices remains negative to a greater or lesser degree in London, East Anglia, the South East and the North.”
(Feb 18)

continued...



LSL Acadata HPI

“The South West (up 3.9%) and North West (3.8%) lead the table for growth, with other areas up between 2.3% and 2.6%, apart from Yorks & Humber where prices are up a more modest 1.4% annually. The fall in average prices of 4.3% annually in London is the biggest seen since August 2009 and are still concentrated in the most expensive boroughs. In the South East, Portsmouth is up 7.1% annually, and Brighton and Hove set a new peak price in December. Wales continues to see growth of 2.6% over the year, with strong performances from the likes of Ceredigion (up 7%), Caerphilly (6.7%) and Carmarthenshire (5.9%), as well as Newport (5.1%) and Cardiff (3.6%). Growth in Wales is almost matched by the East of England (up 2.4%), East Midlands (also 2.4%) and West Midlands (2.3%). It’s the North West (3.8%) and, still, the South West (3.9%) that lead the table, though. In the former, Blackburn with Darwen, up by 9.4% on the back of sales of detached houses, has seen the strongest growth anywhere other than Rutland (up 12.1%), while the key population centres of Merseyside (up 8.2%) and Greater Manchester (2%) both recorded new peak average prices in the month. In the South West, Bristol and North Somerset also saw some of the strongest annual growth, up 9.1% and 6.7% respectively.” (Jan 18)



Hometrack

“Edinburgh is the fastest growing city (+7.7%) with Birmingham, Manchester, Leicester and Liverpool all growing by more than 6% per annum. There are five cities where house prices are falling in real terms – Southampton, London, Oxford plus two where prices are falling in nominal terms – Cambridge (-1.1%) and Aberdeen (-6.6%).

“Cities outside southern England have further room for house price growth. We do not expect growth to match the increase registered in London as the market dynamics are different e.g. high levels of overseas and investor buying. There are also questions over the sustainability of pricing in London where gross yields are sub 4.5% and affordability levels are at an all time high. We expect average house prices in London to drift lower in real terms in the coming 2-3 years with lower turnover (down 16% since 2014) creating scarcity.” (Jan 18)



Edinburgh is the fastest growing city, according to Hometrack.

Current versus historic price movements

Property Prices Towns/Cities <i>England, Wales, Scotland & NI</i>	Highest average house price pre-credit crunch 2007/08	Lowest average house price during recession 2009	Market low +/- versus market height	Latest month's data Dec 17/ Q4 17	How much higher/ lower are latest prices vs height in 2007/8	Year on year change in price in Dec 17/ Q4 17	Annual average increase	Highest yearly average increase since 2000	
								Date	% Increase
Belfast (Q4)	£213,626	£87,890	-58.86%	£122,434	-43%	2.8%	n/a	Q1 07	57.1%
Bradford	£139,640	£115,089	-17.58%	£133,373	-4%	0.9%	6.5%	Sep-04	36.5%
Newcastle upon Tyne	£164,935	£134,016	-18.75%	£161,313	-2%	1.3%	6.3%	Feb-04	39.2%
Glasgow	£130,473	£104,370	-20.01%	£128,123	-2%	9.7%	n/a	Jan-05	19.2%
Liverpool	£130,249	£106,826	-17.98%	£130,677	0%	9.5%	6.9%	Jul-04	59.0%
Sheffield	£144,875	£120,193	-17.04%	£156,746	8%	5.0%	7.0%	Sep-04	31.9%
Edinburgh	£225,750	£183,029	-18.92%	£247,842	10%	10.0%	n/a	May-07	17.3%
Leeds	£161,439	£130,128	-19.39%	£178,735	11%	6.1%	7.1%	Apr-03	30.7%
Lincoln	£128,707	£106,017	-17.63%	£146,685	14%	4.9%	7.6%	Feb-03	38.0%
Nottingham	£119,010	£93,696	-21.27%	£138,440	16%	7.5%	6.7%	Mar-03	37.9%
Bournemouth	£206,227	£163,937	-20.51%	£240,062	16%	3.9%	6.5%	Apr-03	32.5%
Cardiff	£170,496	£139,651	-18.09%	£200,363	18%	5.9%	6.8%	May-03	30.7%
Norwich	£166,498	£123,698	-25.71%	£197,798	19%	3.1%	7.6%	Oct-02	37.9%
Birmingham	£148,578	£122,773	-17.37%	£178,221	20%	7.4%	6.9%	Feb-03	36.4%
Leicester	£135,317	£110,071	-18.66%	£162,386	20%	6.3%	7.8%	Mar-03	35.4%
Peterborough	£156,264	£123,752	-20.81%	£188,594	21%	7.9%	7.4%	Dec-02	30.2%
Portsmouth	£169,633	£130,868	-22.85%	£204,870	21%	4.7%	6.6%	Mar-03	29.1%
Southampton	£168,795	£134,665	-20.22%	£203,966	21%	1.6%	6.5%	Apr-03	29.7%
Manchester	£140,431	£111,679	-20.47%	£173,381	23%	10.9%	9.1%	Jun-04	34.9%
Milton Keynes	£194,666	£147,827	-24.06%	£263,505	35%	6.5%	7.8%	Feb-03	32.0%
Brighton and Hove	£257,108	£202,054	-21.41%	£361,075	40%	5.6%	8.0%	Jul-00	35.4%
Bristol	£195,196	£153,648	-21.29%	£275,193	41%	6.1%	8.2%	Apr-03	29.7%
Oxford	£289,855	£223,319	-22.95%	£411,108	42%	0.4%	7.3%	Jun-00	29.5%
Reading	£216,724	£176,087	-18.75%	£311,823	44%	5.5%	6.7%	Jun-00	35.9%
London	£298,596	£245,351	-17.83%	£484,173	62%	2.5%	8.0%	Apr-00	28.3%
Cambridge	£283,241	£224,469	-20.75%	£462,033	63%	15.7%	8.5%	May-00	27.5%

Source: [UK HPI](#)



KATE FAULKNER COMMENTS REGIONAL CITY/TOWN DIFFERENCES



It's clear that regional house prices are being dictated by economic conditions on a local level. The stronger the economy, the faster house prices rise, to a point. However, London and the South are showing that there now appears to be a 'ceiling' on how high prices can go that we haven't necessarily seen in the past. This comes from the changes imposed by the Mortgage Market Review which has created a regime which is sensible on the one hand, but harsh on other.

For example, restricting the amount of lending at 4.5 x incomes; requiring repayment only and assessing affordability of the mortgage at 6-7% interest, rather than the current low rates of 3-4% can make a massive difference to lending as the following figures show:

- Borrowing £100,000 over 30 years at 2% interest only would cost £167 per month
- A repayment mortgage would take this to £372 per month
- But on a repayment mortgage at 7% it would cost £671.55
- That's a difference in affordability of £504 per month.



Image: © Luky slukys | Dreamstime.com

Manchester is predicted to see rises of 20-30%, according to Hometrack.

What will be interesting over the coming year is to see whether cheaper areas such as the likes of Birmingham and Manchester, which Hometrack predict will see rises of 20-30% over the next 4-5 years, will be able to keep rising in price and how quickly their markets will be affected by these affordability restrictions.

Country and regional transactions

Most commentary focuses on what is happening to property prices, but as anyone in the property industry knows, property prices are driven by what happens to supply and demand, which is why performance is so localised, pretty much to a property on a street.



LSL Acadata HPI

“Reflecting the negative outlook, we estimate that the number of housing transactions in January 2018 in England & Wales at 64,000 - based on Land Registry numbers - is down by 15% on December’s (revised) total. This reduction needs to be set against the seasonal trend of the last twenty years, where a 28% decrease in sales volumes is the ‘norm’ at this time of year.” (Jan 18)



LCPAca Residential Index

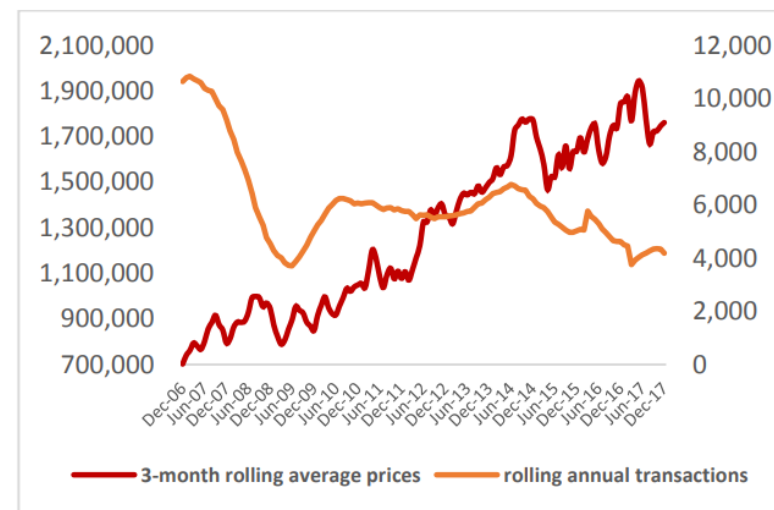
“Quarterly sales volumes also fell 3.8% in England and Wales. This brings annual transactions to 902,100, a 2.3% decrease compared with the previous year and 29% down from the pre-GFC high.” (Feb 18)



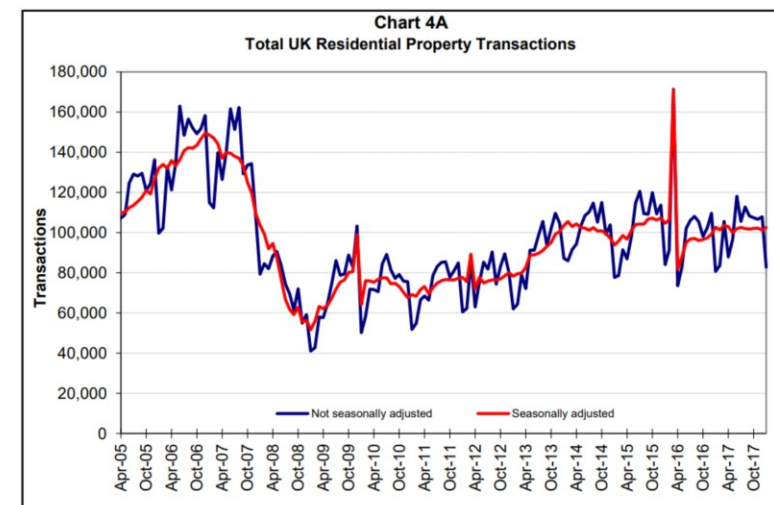
NAEA Propertymark

“Year on year, this figure is down -14% from 425 in January 2017. The number of sales agreed per branch increased to seven in January, from five in December. However, the percentage of these sales made to FTBs fell to 27%, down from 32% in December.” (Jan 18)

England & Wales price and volume changes



Source: [LCPAca Residential Index](#)



Source: [Gov.uk](#)

continued...

Property transactions 2011-2017	Total 2011	Total 2012	YoY %	Total 2013	YoY %	Total 2014	YoY %	Total 2015	YoY %	Total 2016	YoY %	Total 2017	YoY %	Total 2011-2017	2011 vs 2017 %
Region															
East Midlands	53974	55386	2.55%	65339	18.0%	78241	19.7%	78437	0.3%	81985	4.5%	75761	-7.6%	489123	40.4%
East of England	80428	81822	1.7%	95557	16.8%	112440	17.7%	109380	-2.7%	107675	-1.6%	96327	-10.5%	683629	19.8%
London	90760	95580	5.0%	111216	16.4%	118819	6.8%	113002	-4.9%	102758	-9.1%	86817	-15.5%	718952	-4.3%
North East	26897	26436	-1.7%	30030	13.6%	35384	17.8%	36110	2.1%	36988	2.4%	36228	-2.1%	228073	34.7%
North West	71539	70766	-1.1%	84475	19.4%	101558	20.2%	106280	4.6%	111544	5.0%	107676	-3.5%	653838	50.5%
Scotland	69871	72469	3.6%	84205	16.2%	94223	11.9%	96769	2.7%	100160	3.5%	103698	3.5%	621395	48.4%
South East	120194	124522	3.5%	144759	16.3%	166988	15.4%	163208	-2.3%	157556	-3.5%	142372	-9.6%	1019599	18.5%
South West	74552	77077	3.3%	89757	16.5%	105337	17.4%	105538	0.2%	107188	1.6%	98647	-8.0%	658096	32.3%
Wales	30569	31062	1.6%	36260	16.7%	42237	16.5%	43425	2.8%	45435	4.6%	45181	-0.6%	274169	47.8%
West Midlands	56099	57450	2.4%	66901	16.5%	79616	19.0%	81317	2.1%	85103	4.7%	80637	-5.2%	507123	43.7%
Yorkshire and The Humber	55476	56820	2.4%	66587	17.2%	78914	18.5%	79340	0.5%	81924	3.3%	80154	-2.2%	499215	44.5%

Source: [LSL Acadata HPI](#)



Bank of England

“Mortgage approvals decreased in December, with falls for both house purchase and remortgaging approvals. House purchase approvals were the weakest since January 2015 at 61,039 and remortgaging approvals fell to 46,475, following strength in October and November.” (Dec 17)

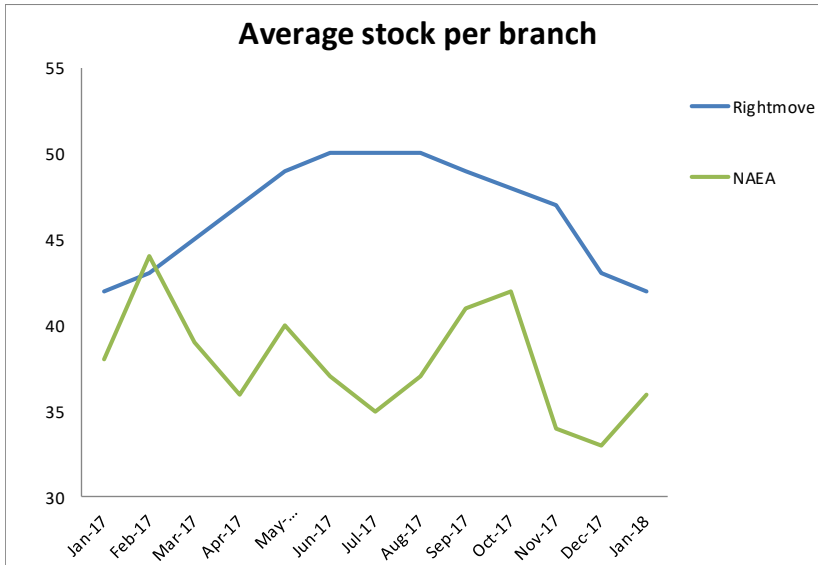


UK Finance

“There were 30,700 new home mover mortgages completed in December, some 4.7 per cent fewer than in the same month a year earlier. The £6.5bn of new lending in the month was 3 per cent down year-on-year. The average home mover is 39 and has an income of £55,000.

“There were 30,800 new first-time buyer mortgages completed in December, 5.2 per cent fewer than in the same month a year earlier. The £5.1bn of new lending in the month was 1.9 per cent down year-on-year. The average first-time buyer is 30 and has an income of £41,000. 2017 overall saw 365,000 first-time buyers, the highest number since 2006. This is an annual increase of 7.4 per cent from 340,000 in 2016.” (Dec 17)

Instructions and enquiries



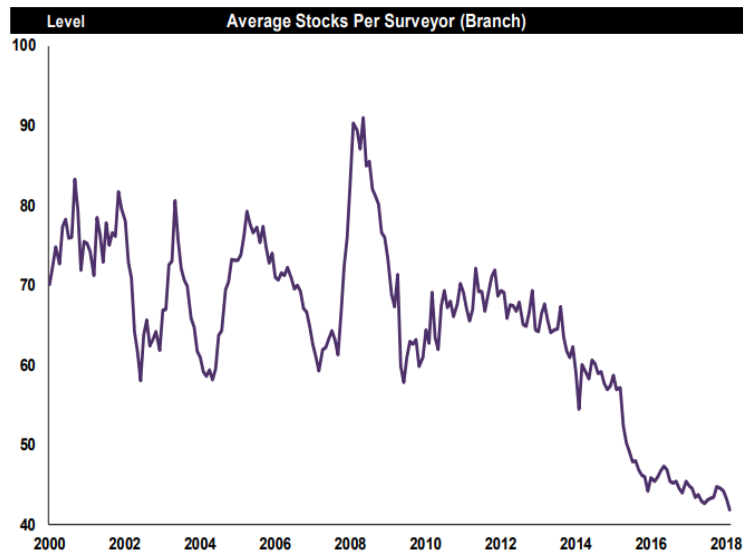
RICS

“Alongside ongoing concerns about affordability in some areas of the country, part of the problem may lie in the lack of choice of property to purchase with the RICS New Instruction indicator falling once again, and by the biggest margin on a seasonally adjusted basis (-24% in net balance terms) since May last year. This has pushed the average inventory (per branch) on the books of agents who respond to the survey to a new record low of just under 42.

“Unsurprisingly, there is a regional dimension to the activity results with RICS New Buyer Enquiries (taking a three-month average) continuing to increase in Scotland, Northern Ireland, Yorkshire and Humberside and the North. The most negative results are in the East Midlands, London and the South East with the trend in most other regions broadly flat.

“In another sign of the increasingly challenging market environment, the average time for a sale to complete (from listing) has continued to edge upwards. At the beginning of 2017 it typically took around sixteen and a half weeks for the whole process to complete. This has since climbed to around eighteen and a half weeks.” (Feb 18)

National Average Stocks Per Surveyor



Source: RICS



KATE FAULKNER COMMENTS ON PROPERTY TRANSACTIONS. DEMAND AND SUPPLY



Basically what the data is telling us is that although the number and choice for buyers is lower than it has been in the past, we are now seeing what is likely to be a more natural 100,000 sales per month across the UK. Although this is lower than pre-credit crunch when we were seeing sales of 120,000-140,000, this appears now to be an unusually high amount of sales, likely to be due to the huge numbers of city centre apartments being built and sold.

As a buyer, if you have a particular property or street you are after, it's worth looking on 'sold property price data' to see how often properties sell on this road. Some popular streets I've looked at show maybe one or two properties have sold, while in other years there may be no sales at all. If you are selling you ideally want to be the only property on the market, so that more buyers are likely to compete than if there are two or more for sale, which gives buyers more choice.

Of course, it's not always possible to time when you buy or put your home on the market, but if you have an idea of whether you are in a fast moving or a slow moving market, how much competition there



is for properties like yours (or the one you want to buy) then you can work out the best strategy to make sure you get to buy and/or sell the property you want.



How can Kate Faulkner and Propertychecklists.co.uk help you?

FOR MEDIA PROFESSIONALS

If you need Kate to appear on TV, radio or for general comment, please contact directly:

Kate Faulkner, Property Market Analyst and Commentator

Websites:

Kate Faulkner: katefaulkner.co.uk

Propertychecklists: Propertychecklists.co.uk

Email: kate@designsonproperty.co.uk

Telephone: 01652 641722

FOR CONSUMERS

If you have a consumer query about a property decision or project, please email enquiries@designsonproperty.co.uk or telephone 01652 641722